



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OCT 16 2006

Mr. A. Stanley Meiburg
Executive Director
Environmental Financial Advisory Board
U.S. EPA, Region IV
61 Forsythe Street, SW
Atlanta, GA 30303

OFFICE OF
WATER

Dear Mr. ^{Stan}Meiburg:

Thank you for your letter to Administrator Stephen L. Johnson dated May 30, 2006, in which you transmit on behalf of the Environmental Financial Advisory Board (EFAB), the report entitled *Establishment of a New State Revolving Fund Loan Guaranty Program*. I appreciate the opportunity to review and examine any input from EFAB. The EFAB has proven since its creation in 1989 that its contributions to EPA's efforts to meet the growing environmental financial needs of the 21st century are always valuable and much needed.

The purpose of the report was to answer the question, "Should the Board recommend that EPA support the establishment of a new loan guaranty program?" Because it determines that a new program would not provide significant additional environmental activity or financial benefits to borrowers, the Board recommends the EPA not support such a program. However, the Board ventures that existing loan guaranty authorities in the SRF and USDA Rural Utility Service programs could be more effectively utilized and that a new separate program targeted to small unrated borrowers could accelerate activity in that specific sector. The credit support provisions of the SRF programs, such as loan guaranties, are an important element of their strength and further advice from the Board on facilitating more robust use of them would be helpful to EPA and would be welcome.

Thank you again for providing this valuable input. I encourage you to continue examining innovative methods for closing the nation's water infrastructure funding gap, and look forward to hearing recommendations in the future. If you have any questions or wish to speak further about this issue, please contact James A. Hanlon, Director, Office of Wastewater Management, at (202) 564-0748.

Sincerely,

Benjamin H. Grumbles
Assistant Administrator

cc: A. James Barnes